

**REPORT OF THE AUDIT OF THE
MASON COUNTY
SHERIFF**

**For The Year Ended
December 31, 2001**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable James L. "Buddy" Gallenstein, Mason County Judge/Executive
Honorable Tony Wenz, Mason County Sheriff
Members of the Mason County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Mason County, Kentucky, for the year ended December 31, 2001.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Berger & Ross, PLLC, evaluated the Mason County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



**AUDIT EXAMINATION OF THE
MASON COUNTY SHERIFF**

Calendar Year 2001

BERGER & ROSS, PLLC
Certified Public Accountants & Fraud Examiners
800 Envoy Circle
Louisville, KY 40299-1837
(502) 493-9600
Fax: (502) 499-9132

400 Democrat Drive
Suite 2107
Frankfort, KY 40601
(502) 695-7353

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
MASON COUNTY SHERIFF

Calendar Year 2001

Berger & Ross, PLLC has completed the Mason County Sheriff's audit for calendar year 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presently fairly in all material respects.

Financial Condition:

Net receipts of the Sheriff's calendar year 2001 Fee Account decreased by \$45,351 from the prior calendar year, resulting in excess fees of \$6,019 as of December 31, 2001. Revenues increased by \$13,963 from the prior year and disbursements increased by \$59,314.

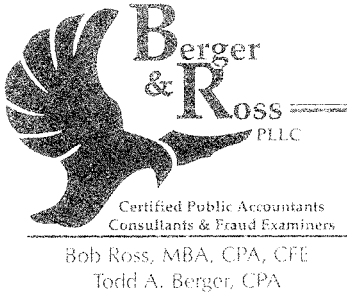
Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

CONTENT

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES.....	3
NOTES TO THE FINANCIAL STATEMENT.....	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11



(502) 499-9088
800 Envoy Circle
Louisville, Kentucky 40299-1837

FAX: (502) 499-9132
Email: irsrescue@msn.com
Internet: www.irsrescue.com

Member:
American Institute of Tax
Examiners
Association of Certified Public Accountants
Association of Government Accountants
Chartered Accountants Association
National Association of Accountants
National Association of Certified Public Accountants
Government Auditing Standards Board

To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable James L. "Buddy" Gallenstein, Mason County Judge/Executive
Honorable Tony Wenz, Mason County Sheriff
Members of the Mason County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Mason County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the Mason County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable James L. "Buddy" Gallenstein, Mason County Judge/Executive
Honorable Tony Wenz, Mason County Sheriff
Members of the Mason County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 26, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
July 26, 2002

MASON COUNTY
TONY WENZ, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

Receipts

Federal Payments:		
KLEFPF Grant	\$	25,295
State Payments:		
Finance and Administration Cabinet Payments	\$	6,712
Other		<u>7,734</u>
		14,446
Circuit Court Clerk:		
Sheriff Security Service	\$	10,739
Fines and Fees Collected		<u>2,130</u>
		12,869
Fiscal Court		135
County Clerk:		
Delinquent Taxes		360
Commission on Taxes Collected		267,757
Other Fees on Tax Collection		
10% Sheriff's Penalty	\$	20,598
Advertising Fee		<u>546</u>
		21,144
Fees Collected for Services:		
Auto Inspections	\$	12,165
Serving Papers		15,880
Fiscal Court Fees		7,590
Execution Fees		2,149
Accident Reports		561
Carrying Concealed Deadly Weapon Permits		<u>3,765</u>
		42,110
Other:		
Reimbursement	\$	194
Voided Check		<u>99</u>
		293
Interest		2,271
Borrowed Money		
State Advancement	\$	178,957
Borrowed Money		<u>10,000</u>
		188,957
Total Receipts	\$	<u>575,637</u>

The accompanying notes are an integral part of the financial statement.

MASON COUNTY
 TONY WENZ, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2001
 (Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services

Deputies' Salaries	\$	204,726	
Clerical Salaries		39,913	
KLEFPF		21,701	
Overtime		<u>10,412</u>	\$ 276,752

Employee Benefits

Employer's Share Retirement (KLEFPF)			3,595
--------------------------------------	--	--	-------

Contracted Services

Advertising	\$	434	
Communications		<u>2,491</u>	2,925

Materials and Supplies

Office Materials and Supplies	\$	4,282	
Uniforms		<u>1,719</u>	6,001

Auto Expense

Maintenance and repairs	\$	1,138	
Gasoline		<u>88</u>	1,226

Other Charges

Bond	\$	1,340	
Dues		643	
Postage		4,184	
Carrying Concealed Deadly Weapon Permits		1,990	
Conventions and Travel		4,289	
Return of Fugitives		2,357	
Process Fees - Fiscal Court		7,590	
Reimbursements		819	
Execution Disbursement		<u>1,938</u>	25,150

Capital Outlay

Office Equipment			1,518
------------------	--	--	-------

Debt Service

State Advancement	\$	178,957	
Borrowed Money - Other Account		<u>10,000</u>	<u>188,957</u>

Total Disbursements

\$ 506,124

The accompanying notes are an integral part of the financial statement.

MASON COUNTY
TONY WENZ, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 2001
(Continued)

Net Receipts		\$	69,513
Less: Statutory Maximum	\$	61,305	
Less: Sheriff's Training Incentive		<u>2,189</u>	<u>63,494</u>
Excess Fees Due County for Calendar Year 2001		\$	6,019
Less: Payment to County Treasurer - March 4, 2002			<u>6,019</u>
Balance Due at Completion of Audit		\$	<u><u>0</u></u>

The accompanying notes are an integral part of the financial statement.

MASON COUNTY
NOTES TO THE FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentality's, obligations and contracts for future delivery or purchase of obligations back by good faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.17 percent for the first six months of the year, and 6.41 percent the last six months of the year.

MASON COUNTY
NOTES TO THE FINANCIAL STATEMENT
December 31, 2001
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.

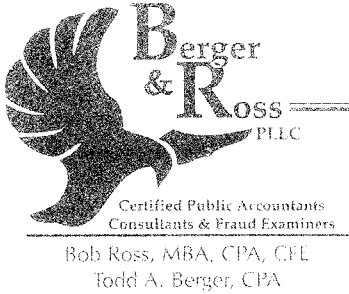
Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the bank balances were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



(502) 499-9088
800 Envoy Circle
Louisville, Kentucky 40299-1837

FAX: (502) 499-9132
Email: irsrescue@msn.com
Internet: www.irsrescue.com

Member:
American Institute of CPAs
Kentucky Institute of CPAs
Association of Certified Fraud Examiners
Association of Accountants and Tax
Certified Public Accountants of the
National Association of Accountants
National Association of Tax Examiners
Government Auditing Standards Association

To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable James L. "Buddy" Gallenstein, Mason County Judge/Executive
Honorable Tony Wenz, Mason County Sheriff
Members of the Mason County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Mason County Sheriff for the year ended December 31, 2001 and have issued our report thereon dated July 26, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Mason County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mason County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", followed by a long horizontal flourish.

Berger & Ross, PLLC

Audit fieldwork completed –
July 26, 2002

